Value of Rupee in International Market

1767. SHRI C.M. IBRAHIM:
SHRI RAJU PARMAR:

Will the Minister of FINANCE be pleased to state:

(a) the highest and the lowest levels reached in the value of the rupee against US dollar, the pound sterling and the yen during the three months from April to June, 2000;

(b) the main reasons for fall in the value of the rupee; and

(c) the steps taken to strengthen the rupee in the international market?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) The highest and lowest levels reached in the value of the rupee against the US dollar, the Pound Sterling and Japanese Yen during April-June, 2000 are given below:

Month		Rs./US$	Rs./U.K. Pound	Rs./Japanse Yen*
April, 2000	Low	43.6550	69.7538	42.0575
	High	43.6100	68.6438	40.8800
May, 2000	Low	44.5750	68.2213	41.8063
	High	43.6450	64.8150	39.9538
June, 2000	Low	44.7900	68.2138	42.7663
	High	44.5700	66.7800	41.0163

*Rs. per 100 Yens

The exchange rate of the rupee in India is largely determined by market forces, and moves in both directions on a day-to-day basis depending upon the demand and supply conditions in the foreign exchange market, short-term factors and imbalances.

(c) During May to July, 2000, the Reserve Bank of India took the following measures to strengthen the Indian rupee in the foreign exchange market:—

(i) An interest rate surcharge of 50 per cent of the lending rate on import finance was imposed with effect from May 26, 2000 as a temporary measure except essential categories such as export related imports, bulk imports in respect of crude oil, petroleum products and edible oil.

(ii) In order to discourage any delay in realisation of export proceeds, it was decided that in respect of over-due export bills, banks will change interest at 25 per cent annum (minimum) from the date the bill falls due for payment.

(iii) The Bank Rate was increased by 1 percentage point from 7 per cent to 8 per cent as at the close of business on July 21, 2000.

(iv) The Case Reserve Ratio (CRR) is being increased by 0.5 percentage point from 8 per cent to 8.5 per cent in two stages by 0.25 percentage point each effective from fortnights beginning July 29, 2000 and August 12, 2000 respectively.

(v) The limits available to banks for all refinance facilities including the Collateralised Lending Facility (CLF) are being reduced temporarily to the extent of 50 per cent of the eligible limits. This would be implemented under two stages: reduction by 25 per cent effective from July 29, 2000 and by another 25 per cent effective from August 12, 2000.

Meeting of Financial Advisors

1768. SHRI R. S. GAVAI: Will the Minister of FINANCE be pleased to state:

'(a) whether the meeting of the Financial Advisors attached to various Ministries and other institutions was held to review the exercise undertaken for downsizing administration and zero-based budget;

(b) if so, the outcome of the meeting;

(c) whether Government propose to bring forward VRS for Central Government employees, as a measure to downsize;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) A meeting of Financial Advisers of all the Ministries/Departments of the Govt. of India with the Finance Minister was held on 4.7.2000 to discuss issues relating to expenditure management and fiscal deficit, where the need for completing the ongoing exercise of a 10% cut in posts sanctioned as on 1.1.1992 and resorting to zero-based budgeting was also highlighted.

(c) to (e) There is no proposal, at present, to introduce VRS for Central Government employees as a measure to downsize the administration. However,